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ABSTRACT

State intervention in higher education is discussed, and state and federal regulations that affect higher education are discussed and contrasted. The structures and procedures by which states intervene in higher education are outlined, and the issue of institutional autonomy is considered. Policy areas through which the state can affect higher education include the following: governance, coordination, and administration; access; instruction; research; public service; general support; and accountability. In the process of statewide planning, state higher education agencies can be a possible source of state intervention and control. Information on executive and legislative staff agencies is presented, and the general history and present status of state higher education agencies are described. Institutional autonomy in relation to state controls is addressed, and perceptions of state agency officials on recent trends in the relative power of the major state agencies and the institutions are presented. Among the ways in which states can intervene in higher education are the following: state controls over the levels and conditions of fiscal support and over academic degrees/programs; direct policy controls over admissions criteria, tuition policy, and institutional size; controls over professional and other licensures; personnel controls; fiscal and program audits; and regulations and rules controlling the construction of physical facilities and the purchase of equipment. It is suggested that a survey of current state controls over institutions of higher education be conducted. (SW)

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STATE INTERVENTION IN HIGHER EDUCATION

U.S. DEPARTMENT OF HEALTH,
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ABSTRACT

State and federal governmental agencies increasingly encroach on areas of academic governance and administration which have been within the historical prerogatives of colleges and universities. The extent of state encroachment seems obscured by the more dramatic inroads of the federal government, but it poses an equally serious threat to institutional independence. State regulation differs from federal regulation mainly in having its roots in the state's primary responsibility for the support of higher education. This is a critical difference, for the state's primary responsibility carries with it the potential for almost total control over institutions, at least over public institutions. As the implications of the transition from growth to stability in enrollment and funding becomes more general and apparent, further erosion of institutional prerogatives through state action appears likely. At high -- but nevertheless operational -- levels of generality, state government interest in educational policy regarding, for example, admissions and academic program quality and distribution, are not easily distinguishable from those of the institutions. State attempts to implement policy interests through planning and program review, often result in conflict with the institutions. An examination of specific instances of state interventions in several major states may reveal trends or produce insights regarding possible directions or limits of state controls. Such exploration also could shed light on the interaction of state regulation and control with federal intervention.

INTRODUCTORY NOTE

The continuing contributions of the several state governments to the present excellence of American higher education are insufficiently recognized. Although, for example, the Morrill Act of 1862 was truly a "new chapter in the history of federal aid to higher education" (Rivlin, 1961, p. 14), equally true, although far less often noted, is the fact that the states established and maintained the land-grant universities for well over a century (Carnegie Commission, 1971). The fiscal and organizational efforts of most state governments in the 1950s and 60s to meet the phenomenal growth of enrollment has yet to be adequately chronicled. One need not discount the critical role of federal support for basic research to appreciate also the equally critical role of many states in providing a publicly supported "home of science" (Wolfe, 1972). Although the primary contribution of the states has been to state supported colleges and universities, state financial aid to the private sector -- in New York and Pennsylvania in particular -- has assuredly been significant.

Some major contributions of state governments to higher education defies our ability to quantify or document: By and large, state governments have let colleges and universities alone over the greater part of their existence. Just as there are sins of omission, so also, we suggest, there may be virtues of omission. We do not suppose that 19th century state legislatures and governors deliberately decided that higher education should be best left to institutional governing boards, officers, and faculty. Rather, the political and social climate has, until the

comparatively recent past, been such that governmental restraint, toleration, or perhaps indifference in allowing campuses to manage their own affairs reflected the political, social, and economic factors that allowed similar freedom to other organizations. Whatever the reasons, it is quite apparent now that the political, social, and economic conditions of the last quarter of the 20th century will not be such that the historic independence of higher education institutions will continue.

Within the past 10 to 15 years, the states started to exercise controls over both public and private colleges and universities, controls often deplored but which have not been systematically investigated. Our major thesis is that at this time an investigation should be made to increase understanding of the apparent directions and probable limits to state governmental control over critical aspects of higher education. In the absence of an understanding of the details of specific interventions and of informed analysis, the historical prerogatives of the institutions may be lost, not by design, but by the happenstance of transient political and fiscal pressure.

We do not suggest that new or increasing intervention by state government into the affairs of higher education presages a shift from a golden age of autonomy to a dark age of repression. Stephen Bailey (1975, p. 1) accurately describes relations between the state and higher education as part of a "persistent human paradox: the simultaneous need for structure and for antistructure, for dependence and for autonomy, for involvement and for privacy". Recognition of the desirability of the paradox as a crucial element in our democratic society, does not, however argue that

it should not be investigated. It does mean that this report must be read and additional investigation undertaken with a clear understanding that resolution of the paradox or dilemma is not the objective. Greater awareness of the details of the opposing forces that underlie the problem is the goal. We must bear in mind Bailey's admonition that we may not want to resolve the problem (1975, p. 1):

For at the heart we are dealing, I submit, with a dilemma we cannot rationally wish to resolve. The public interest would not, in my estimation, be served if the academy were to enjoy an untroubled immunity. Nor could the public interest be served by the academy's being subjected to an intimate surveillance. Whatever our current discomforts because of a sense that the state is crowding us a bit, the underlying tension is benign. Like most paradoxes, this one is a great humbler. It chastens intellectual arrogance... All this simply says that the precise border between the state and the academy is, and must be kept, fuzzy. For if a precise delineation is sought, I think that the state has more than the academy has of what it takes to draw the line.

In this paper, we first discuss and contrast state and federal regulation. It will be followed by an outline of the structures and procedures by which states intervene in higher education, with institutional autonomy discussed in this context. In the third section we offer, in greater or lesser detail, examples of state intervention, our opinion on the reasons why intervention takes place, and the objections raised by institutions to it. In a brief conclusion, we suggest avenues for further investigation.

In large part, we are not reporting on the results of a separate, specific research project, but rather are attempting to focus several recent studies of our own and others on issues of state intervention. For some current examples of intervention, we have relied extensively on telephone interviews, and in most instances when the names of states or institutions are omitted, it is because of the sensitivity of the issue to current budgets or other negotiations.

Several individuals were kind in offering suggestions. We particularly wish to thank Professor Robert Berdahl of the State University at Buffalo, John Folger and Richard Millard of the Education Commission of the States, and Donald Smith, Senior Vice President of the University of Wisconsin for commenting on an earlier draft of this report. The opinions and views expressed here are, of course, our own, not those who offered advice nor of the Sloan Commission to whom the report is being made and to whom we are grateful for the support which made the report possible.

STATE RESPONSIBILITY AND FEDERAL REGULATION

The history of the interactions and relationships between the federal governments and the governments of the several states in the direction and control of higher education is not yet written. This section sets out impressions of what might be the major feature of such a history to the extent that they appear relevant to a study of state intervention. This summary may not be accurate, for our problem -- indeed, the problem of the historian who may undertake the formidable task -- is that the past is characterized, for the most part, by absence of recorded controversies and sharp disputes that seem to be required to illuminate, if not settle, the essentially political and power relationships with which we are concerned.

Our most general overview of such history is more easily stated in the form of an analogy than in more precise terms of political science or interorganizational theory. Colleges and universities might be seen as progressing through time as though they were proceeding up a broad but narrowing valley. On one side, mountains and foothills representing federal support, interest, and control define the valley's limits. On the other side, state responsibility and control provide a similar boundary. For most of their history, the colleges and universities were few in number, and the valley was so broad that neither of the boundaries caused much difficulty. Over this long period, the landmarks are few -- the Dartmouth College case, the land-grant movement, and perhaps President

Angell's early defense of the constitutional independence of the University of Michigan.

But the boundaries are quite apparent now, for the valley has narrowed. The federal government closed in from one side with a wide variety of statutes, rules, and regulations implementing policies ranging from fiscal accountability to individual, civil rights. On the other side, state governments also moved in for a great variety of purposes, primarily to regulate the flow of students and distribution of programs among a much greater number of institutions. At an earlier date, a campus could use the federal boundary to seek direction for one purpose and the state boundary as a guide to direction for another. If the directions appeared to differ at times, the boundaries were far away, not only from the institutions but from each other. At present, the valley sufficiently narrowed so that the constraints imposed by the two governmental entities are more clearly perceived than has been the case in even the most recent past: A standard history of colleges and universities, published in 1962, contained virtually no discussion of either federal or state regulation other than discussion of the major "landmarks" noted above (Rudolph, 1962).

To summarize in more conventional terms:

- ° Over most of the past, state governments showed little inclination to intervene into substantive academic affairs. In part, such lack of interest may have been attributable to lack of staff rather than to considered restraint.

- ° During the past fifty years, state governments were primarily concerned with public higher education. In only a few states (e.g., Pennsylvania, New York, Maryland) did state government show direct concern for private colleges and universities.
- ° Until recently, federal interest, support, and control has been through grants-in-aid, not unconditional aid, but the conditions were usually those needed only for fiscal control and accountability.

A closer look at recent developments provides necessary background, and, not incidentally, indicates reasons why concern tends to focus on federal regulation to the neglect of equally stringent state regulation. First, developments in federal regulation:

- ° Federal interest has expanded from earlier concern over selected, relatively discrete areas such as vocational education, agriculture, and basic research, to encompass concern for adequate statewide planning for all postsecondary education.
- ° Conditions attached to federal funding have expanded from those related to fiscal accountability to mandates and constraints on a wide variety of institutional and individual activities: The organizational integration of apparently segregated institutions, assurance of equal opportunities for individuals through affirmative action, and medical school admissions practices are but three examples.

- ° Federal support in the form of student financial aid has broadened from interest in training relatively small numbers of graduate students for specific careers to broad support for large numbers of undergraduates.

As federal interest has expanded in each of these areas, it has carried with it specific consequences for the states. To the extent that federal regulation grows, it impinges not only on institutions but also on the scope of existing or potential state regulation. Even the earlier, more limited grants-in-aid required state plans for the use of federal funds for vocational education, for example, and for facilities construction. The dividing line between state regulation and federal interest is difficult to draw. A report on the implementation of the federal statute encouraging the establishment of broadly representative agencies for statewide planning ("1202 Commissions"), is necessarily a catalog of the diverse responses of individual states (McGuiness, 1975). But that federally-supported planning activity must, if it is to be effective, ultimately result in state regulation. For example, current federally funded planning by the Pennsylvania 1202 Commission will quite probably lead to further regulatory activity by that state's Council on Higher Education.

The major contrast between state regulation and federal regulation derives from the state's basic, overall legal responsibility for higher education which the federal government does not have. Congress and federal administrative agencies usually explicitly state reasons for intervention into academic matters. Such justification is necessary.

State legislative and executive agencies, in contrast, exercise virtually unlimited control over colleges and universities in their state. Reasons for the exercise of control are, more often than not, left implicit by state agencies and assumed to be subsumed under general budgetary and administrative powers. Explicit expression of state purpose in the regulation of higher education may at times be found where authority is exercised by a state higher education agency to which regulatory power has been delegated.

To anticipate later discussion, we would note here the very great number of ways in which states can intervene in higher education, and we would emphasize that all of these are usually exercised to further legitimate state interests. More or less in order of their generally perceived impact on the institutions, state controls over the levels and conditions of fiscal support and over academic degrees and other academic programs head the list. Direct policy controls are very often exercised over admissions criteria, tuition policy, and institutional size. State controls over professional and other licensures are critical to specific programs. Various direct and indirect personnel controls have an impact, but it is probable that periodic fiscal and program audits conducted for specific purposes are more influential. Finally, there are ever-present rules and regulations controlling the construction of physical facilities and the purchase of almost all equipment. Two observations might be made relating to this impressive list:

- ° Clearly, as Richard Millard has suggested in discussion, the state has a number of legitimate interests in higher education

which the federal government does not have, and there is consequently greater scope for the exercise of state influence.

- ° But equally clearly, as Robert Berdahl noted in the same context, there is great potential for major abuse in the wide array of procedures and reasons for intervention. He suggests also -- and we agree -- that the trend appears to be toward making potential abuse a reality.

For a variety of reasons, state power has generally been exercised with constraint. Major public universities benefited from the inertia of historical independence from state governmental controls, if not respect for it. Until comparatively recently, many of the four-year colleges and most two-year campuses were administered very much like state agencies -- with little independence, but also with little interference from understaffed, part-time legislatures. Most academic decisions were individual faculty, departmental, or campus decisions, and only within the recent past have state governments appeared to show any serious continuing interest in them.

Some recent developments in state governmental regulation are similar to those in the federal area. Increasingly, general legislation pertaining to all public agencies in a state is being made applicable to public colleges and universities -- a major example, collective bargaining legislation for public employees. Other state developments specific to higher education are outlined here for later discussion:

- ° State governments show increasing interest in the private sector of higher education (Millard, 1974). Direct institutional support in New York, Illinois and a number of other states is so recent that its impact on private campuses cannot be yet assessed. But such aid, along with the conditions accompanying substantially increased student financial aid in these and other states, have aroused the interest of state agencies in such matters as the duplication of programs, flow of students, and the relationship between credit hours and contact hours on private campuses.
- ° Historical, primary concern with public campuses has expanded to include statewide planning purposes. Although federal statutory provisions for statewide planning agencies (1202 commissions) have not been generally implemented to the extent that many original proponents thought desirable, these provisions have had some influence. And not only has private higher education been drawn into the scope of statewide planning procedures, but proprietary schools as well.
- ° Although research has long been an element of general state support of higher education, the federal government has assuredly asserted the major role in shaping the size and direction of the research effort at the major universities. Recently, however, state governments evidence increasing awareness that the problems posed by energy and water shortages, by population and transportation difficulties, and by overall concern for economic and

environmental well-being, may -- perhaps, should -- be addressed by appropriate academic specialists. State interest in research differs from most earlier federal interest in one important respect: State governments more than the federal appear to be concerned with short-term practical solutions, as opposed to long-term, abstract contributions to knowledge which may or may not have near-practical applications.

- ° State governments are now showing an increasing interest in exercising control over particular academic programs. Statutory authority over new programs and often over existing ones has generally been delegated to a state higher education agency to the end that it be used to avoid "unnecessary duplication" among institutions. In the past, the authority has generally been exercised with sensitivity and restraint, but shrinking enrollments and tight state budgets now indicate that less restraint -- although we trust no less sensitivity -- will be probable in the future.
- ° Finally, state governments are expanding their interests to include institutional activity that is funded by other than state general revenue appropriations. In the past, state controls were almost always directly tied to state general fund support, but several states now seek to extend control to activities supported by other funding agencies or sources, including the most important one -- the federal government.

The web of relationships among federal and state governments in their interests in higher education is tangled and changing. There is little doubt but that the historical and substantial independence which colleges and universities have had from governmental intervention is being eroded. In addition, the interventions appear to lack common purposes which might imply new directions or limits. But directions and limits are essential: higher education is far too complex to be managed from either Washington or state capitals. Direction and limits in the case of state governmental intervention are particularly difficult to deduce because they must be inferred, we believe, from almost limitless number of specific institutional consequences.

STATE AGENCIES AND INSTITUTIONAL AUTONOMY

State intervention in the affairs of higher education takes place in almost infinite ways. Direct intervention by governors and legislators is not as common as once may have been the case, but it still occurs. Eulau and Quimby (1970) report a classic case of legislative intervention in which a professor was dismissed because of direct pressure on the governing board. They quote a member of the Texas legislature on the issue (p. 63):

I think it is shameful, as happened last week, that a member of the House should write a telegram and send it to the board of regents asking the dismissal of a professor. That is the board of regent's business. Or, more correctly, it is the [university] administration's business...

The example illustrates direct intervention and also what we believe is increasing sophistication of state legislators and some reluctance on their part to undertake direct intervention. Although such cases create substantial furor and publicity, we believe that they pose a less serious threat on higher education than the more pervasive, routine, unpublicized controls exercised indirectly through powers delegated to other agencies. The major agencies exercising control over colleges and universities are state higher education agencies. The first part of this section describes their general history and present status. The second section describes, more briefly, executive and legislative staff agencies; the third is concerned with institutional autonomy as it relates

to state controls, and a final part reports on the perceptions which state agency officials have regarding recent trends in the relative power of the major state agencies and the institutions.

State Higher Education Agencies

There seems to be general agreement that history of state higher education agencies, or more generally, the history of state control over colleges and universities, comprises four main periods (Pliner, 1966, p. 12):

- (1) complete autonomy of institutions [i.e., the legal governing boards] lasted from colonial days to the late 19th century;
- (2) creation of single statewide governing boards that began in the late 19th century and extended into the 1940's;
- (3) creation of informal voluntary arrangements that gained impetus in the decades of the forties and fifties and
- (4) creation of formal statewide coordinating agencies concerned with research, policy and planning that began primarily in the 1950's and is continuing today.

For the present purposes, the most significant element of this history appears to be the long period in which institutions were either independent in setting their course of action or in which state controls

were exercised directly by legislators or governors on separately governed institutions. Control through state higher education agencies is recent -- so recent that many active spokesmen for higher education today are intimately familiar with battles in the state capitols that were won, lost, or compromised in the name of institutional autonomy.

Berdahl (1971) and Glenn (1959; 1976) explore the most recent period, the period of growth of state higher education agencies in detail. There is some indication that the earlier assumption that single statewide governing boards were unlikely to be established after the 1940's was premature. Between 1968 and 1973, Maine, North Carolina, Utah, West Virginia and Wisconsin established such boards. In a much quoted speech, President Enarson of Ohio State eloquently deplored the creation of such boards in North Carolina and Wisconsin as examples of increased state intervention: "In both states, the state colleges and universities have been formally merged into a single, new, all-embracing state university. It is a triumph of systems -- a new empire, a new total bureaucracy" (Enarson, 1973). Others have suggested that the impacts of the reorganization in the two states should be examined in detail before being condemned out of hand (Lee & Bowen, 1975, pp. 18-19). Whether the more recent events portray a trend or not, the issue of the effectiveness of single governing boards as opposed to separately organized coordinating agencies is one which will continue. In this regard, the Carnegie Foundation for the Advancement of Teaching (1976, p. 14) indicated its first preference for a coordinating agency with only advisory authority, and, as second preference indicated the single statewide governing

board over separate coordinating agency with regulatory authority. This latter order of preference met with substantial criticism (See Millard, 1977). Glenny (1976, p. 42) suggests that there may be little substantive difference between a single statewide governing board and a regulatory coordinating agency, if what he sees as the current trends toward increasing the power of the latter continues. He notes that originally governors and legislators delegated their own authority to the state higher education agencies, but that more recently, the added powers of such agencies have been those heretofore exercised by institutional governing boards.

The issue relating to the formal organization of state higher education agencies are important, but probably more so in the context of the history and politics of a particular state than for a general view of state intervention. On the whole, we agree with Patrick Callan (1975, p. 16) that organizational and structural questions should be asked only after the impact of the actual exercise of particular areas of authority has been analyzed.

Nevertheless, the current status of formal structures among the 50 states is the organizational context for the exercise of state controls. Anyone entering into a serious investigation of state intervention should be familiar with the two most recent, detailed descriptions of state organization and authority: The first was formulated by Robert Berdahl for the Carnegie Foundation (Supp., 1976, pp. 55-57), and the second by Richard Millard (1976). As background for this particular paper, however, state higher education agencies may be classified into

three or four general types based on their formal authority (See Glenny, 1976, p. 37; Bowen and Glenny, 1976, p. 12):

- ° Strong coordination is usually represented by the single consolidated governing board that both governs and coordinates all four-year institutions in a state -- for example, the University of Wisconsin System. But in other states -- Kansas, Mississippi, or North Dakota -- agencies with relatively similar, formal structures do not exercise similarly strong authority.
- ° Moderately strong coordination is accomplished by a regulatory coordinating agency which has specific statutory authority over budgets, planning, academic programs, or one or more of these. While the strength of coordination obviously depends on the specific statutes, it also depends on the acceptance of the agency's authority by the governor, the legislature, and the institutions. The Board of Higher Education in Illinois is an example of a strong board. An example of a weak regulatory board is that in Massachusetts.
- ° Relatively weak coordination is usually represented by an advisory coordinating agency which has only the power to make recommendations and may lack budgetary responsibility. Here again, strength depends on the credibility of the board with state agencies and institutions. An advisory agency may be quite strong, as in Washington, or may be weak, as in New Hampshire.

Table I indicates the growth of the several types of agencies over the past 40 years. At the present time, only Delaware and Vermont are states which appear to lack any formal coordinating structure (save the 1202 Commission). The importance of formal authority, at least in the budgetary area is indicated in Table 2 which reports on the result of a survey conducted as part of a study of the impact of state fiscal stringency. There is a clear relationship between formal authority and the probability that the agency would be relied upon for allocation of budgetary reductions among institutions.

Formal authority is not definitive, however, for we found it interesting that in the same survey, the responses of the state higher education agencies, regardless of formal authority, were overwhelmingly to the effect that state fiscal stringency either had led or would be likely to lead to greater centralization of academic program decisions in their offices. We would emphasize that this was a perception of the future shared by seven or eight consolidated governing boards, by 10 of 12 regulatory coordinating agencies, and by three of four advisory coordinating agencies, a total of 84 percent of the agencies responding to the question (Bowen & Glenny, 1976, p. 70). "Centralization" is a notoriously ambiguous term, of course, but not so ambiguous that the reported perceptions cannot be clearly read to imply greater state intervention in the event of fiscal stringency.

Table 1

HISTORICAL GROWTH OF STATE HIGHER EDUCATION
AGENCIES (Cumulative totals)

State higher education agency	1930	1950	1960	1969	1976 ^a
Voluntary	0	3	5	4	1
Statewide governing board	10	15	15	16	19
Regulatory coordinating agency	1	2	5	15	19
Advisory coordinating agency	0	1	5	13	9

^a During 1976 Maryland left the advisory ranks to become regulatory and Nebraska left the voluntary category to become advisory, making the final figures, as of August 1976.

20 regulatory
9 advisory
0 voluntary
19 statewide governing
2 no agency

Source: Berdahl (1971) for 1930-1969 figures;
Carnegie Foundation (1976) for 1976 figures.

Table 2

Probable Reliance on State Higher Education Agency for
Allocation of Reductions among Campuses and Academic
Programs by State and by Type of Coordination

Coordination ^a	Yes	No	Other	Total
Single board	84% (11)	8% (1)	8% ^b (1)	100% (13)
Regulatory coordination	56% (9)	38% (6)	6% ^b (1)	100% (16)
Advisory coordination	38% (3)	62% (5)	-- --	100% (8)
Other	-- --	-- --	100% ^c (2)	100% (2)
Total	59% (23)	31% (12)	10% (4)	100% (39)

^a Classifications derived from The States and Higher Education (Carnegie Foundation, 1976). A somewhat different classification appears in the earlier descriptive report in this present series (Glenny et al., 1975a).

^b No response.

^c Question not applicable.

We emphasize the contrast between the expected influence of formal structure of state higher education agencies, on one hand, and, on the other, the perceptions of centralization which appear unrelated to formal structure. This emphasis is not simply to pose a paradox, but rather to point out the necessity of examining the details of the results of intervention rather than the organizational or procedural causes of it. State higher education agencies are the most important agencies by which the state intervenes in higher education, but they are far too diverse and far too enmeshed in the history and politics of each state to provide the major basis for a systematic investigation.

State Executive and Legislative Staff

State agency organization, roles, and functions relating to higher education budgeting were described and analyzed in the reports resulting from the Berkeley Center's recent study of these organizations in 17 states. Our studies concentrated on budgetary responsibilities, but it was clear that budgetary responsibilities or activity related to them were at the heart of most state control over, or regulation of, higher education. A summary of the conclusions of these earlier studies is appropriate here.

State Executive Staff. In addition to budgeting, governors have a wide variety of responsibilities for which staff is employed and from which intervention in higher education may occur. Such responsibilities usually include varying degrees of control over such functions as purchasing, personnel rules and regulations, accounting, and public works. Exercise

of those administrative functions in the past have resulted in a number of "horror stories" (See Moos & Rourke, 1959, particularly pp. 103-181). We will not hazard a guess as to whether such incidents are more or less frequent than they were 20 years ago. For present purposes, intervention in the form of executive office control over administrative or management activities is not discussed here except to the extent that controls such as these increase the cost of accountability. It is not that this type of intervention does not cause difficulty for the institutions, for it does. Rather such intervention does not have the direct impact on educational policy matters that is characteristic of the intervention with which we are primarily concerned. Interventions by executive budget offices can have this direct impact.

Virtually every state has an executive budget office with responsibility to the governor for the allotment and control of funds. In the rare exceptions -- Mississippi, for example -- a joint legislative-executive commission or similar group performs this function. Executive budget staff must, because of their responsibilities for the entire state budget, be more interested in the impact of state revenue factors and other overall cost matters than are either legislative staff or the state higher education agencies. Executive budget staff appear to be more sensitive to the complexity of higher educational policy issues than are legislative staff.

Either formally or informally, the gubernatorial positions of general educational as well as fiscal issues relating to higher education tend to be conveyed to institutions through executive budget staff. These staffs

appear to be less concerned than legislative staffs with specific academic programs and specific campuses. Executive budget staff appear to be considerably more concerned about the collection and analysis of quantitative data than do legislative staffs, but their interest in such information is less than that of the state higher education agencies. As usually occurs in state higher education agencies, but not on legislative staffs, junior members of executive budget offices tend to be directed closely by senior, more experienced staff members.

Executive budget staff review of budgets is structured heavily by the timing, format, and other requirements of the executive budget into which institutional budget requests must be translated. Deadlines for decision in executive budget offices often depend on statutorily fixed dates and related technical, production deadlines. State governors can intervene directly into higher educational affairs without involving their staffs, of course. The governor in West Virginia was responsible for adding a second public medical school in that state. The governor of Florida would not sign the paychecks of a particular campus chief executive. The termination of Clark Kerr's appointment as chief executive of the University of California by then Governor Reagan is a classic example of direct gubernatorial intervention.

State Legislative Staff. Staffs of legislative committees are less easily categorized than those in executive budget offices. A state legislature may or may not employ staff for a joint fiscal committee. Staff may be assigned to individual committees from a central pool. Whether there is a joint staff or not, the fiscal committees in either of both houses may or

may not employ staff. As an added complication, committee staff may be further divided to support minority and majority party members.

Legislative fiscal staff can selectively deal with issues, and are less likely to engage in routine or structured activity than are executive budget offices and state higher education agencies. Legislative staff may visit campuses as often as do executive staff, but they appear more interested in specific campus issues and priorities than in overall, state educational or budgetary matters. There are, of course, exceptions, and, for example, legislative staff in Nebraska are developing the information system for higher education, and the legislative staff in Michigan have maintained an overall budgetary "tracking" system independent of that of the executive budget office.

Review of institutional budget requests by legislative staff is less structured than that performed by either executive budget offices or state higher education agencies. In some instances, review may be undertaken only at the specific request of a legislator. In other cases, particularly where there is joint committee staff, review may be almost as structured and comprehensive as that of the executive budget office.

In addition to legislative staff concerned directly with the budgetary processes, there is an increasing number of separate legislative audit staffs that perform policy, performance, or evaluation audits as distinct from routine fiscal audits. It has been our experience that in most instances, these legislative audit staffs are used for investigation of higher education matters. An example of the impact of one such investigation

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State Legislative Staff. Staffs of legislative committees are less easily categorized than those in executive budget offices. A state legislature may or may not employ staff for a joint fiscal committee. Staff may be assigned to individual committees from a central pool. Whether there is a joint staff or not, the fiscal committees in either of both houses may or

may not employ staff. As an added complication, committee staff may be further divided to support minority and majority party members.

Legislative fiscal staff can selectively deal with issues, and are less likely to engage in routine or structured activity than are executive budget offices and state higher education agencies. Legislative staff may visit campuses as often as do executive staff, but they appear more interested in specific campus issues and priorities than in overall, state educational or budgetary matters. There are, of course, exceptions, and, for example, legislative staff in Nebraska are developing the information system for higher education, and the legislative staff in Michigan have maintained an overall budgetary "tracking" system independent of that of the executive budget office.

Review of institutional budget requests by legislative staff is less structured than that performed by either executive budget offices or state higher education agencies. In some instances, review may be undertaken only at the specific request of a legislator. In other cases, particularly where there is joint committee staff, review may be almost as structured and comprehensive as that of the executive budget office.

In addition to legislative staff concerned directly with the budgetary processes, there is an increasing number of separate legislative audit staffs that perform policy, performance, or evaluation audits as distinct from routine fiscal audits. It has been our experience that in most instances, these legislative audit staffs are used for investigation of higher education matters. An example of the impact of one such investigation

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in Wisconsin is discussed later in this paper. We have suggested in an earlier study that the role which these staffs will play in budgeting and regulating higher education will increase (Glenny, et al., 1975, p. 16).

Summary. Whether one is considering broad state policies for higher education or the details of implementation of such policy, executive and legislative staff are almost always the vehicle for overseeing institutional compliance. Moreover, they often play critical roles in the process of policy formulation, particularly where an issue, however important it might be to higher education, is not of high political salience to the governor or legislature. In one state with which we are familiar, executive budget staff activity has had an impact on information policies. A critical part of any study of state intervention into higher education must be recognition of the importance of executive and legislative staff. Many staff directors such as Donald Axelrod in New York and Alan Post in California have not been "clerks making academic decisions". They and often their senior aides hold informed and considered views on state policy, views that not only reflect those of governors and legislators but also influence them.

Institutional Autonomy

Although there is undoubtedly general agreement on the central elements of the concepts of academic freedom, we agree with the Carnegie Commission (1975, p. 105) that "institutional independence or autonomy is yet to be defined". However, it might be defined, absolute autonomy for colleges and

universities simply does not exist (Aiken, 1976, p. 166):

Excepting proprietary schools, no institution of higher education, public or private, can claim to itself the kind or degree of broad autonomy which strictly private persons, corporations, or other enterprises enjoy. The reason is essentially that, by definition, not-for-profit educational institutions are necessarily identified either as public agencies, public trusts, or both. An agency, in point of law, is fundamentally subject to such limitations of its authority as its principal may see fit to impose. Thus state and community institutions, regardless of their probable entity status, are generally subject to a significant degree of legislative control over their finances and other aspects of their activity; and sometimes are regarded as administrative departments under supervision of the chief executive as well.

Although clearly subject to state control as a matter of law, it is true that higher education institutions have enjoyed substantially more freedom from state regulation than have other state agencies. An excellent summary of the reasons which support the case for institutional independence has been made by the Carnegie Commission (1971, p. 104-105):

- ° A viable society requires institutions of higher education with sufficient independence so that their members feel free to comment upon, criticize, and advise on a great variety of policies and practices.

- ° Creative research and effective teaching require freedom. Great strides in higher education have been made by those institutions that were relatively free from external governmental control.
- ° Freedom from external control facilitates intelligent planning.
- ° External control often inhibits the type of experimentation and innovation required for continued improvement of our educational resources.
- ° Efficient operation requires that degree of institutional independence needed for intelligent management.
- ° Also, in a country such as France, with a single national system of higher education, every important university and college issue becomes a potential political issue. Our pluralistic system has helped to prevent this, to the advantage of both the colleges and universities, and the body politic.

There can be few quarrels with the Carnegie Commission's case for institutional independence. The problem, of course, is in the generality and subjective nature of the concepts, a problem of which the Carnegie Commission was well aware. Moreover, the question of perspective is a critical one. For example, although "freedom from external control facilitates intelligent planning," can there be intelligent statewide planning in the absence of guidance from some state agency? The major

question, of course, is whether it is even possible to study state intervention in the absence of criteria that distinguish legitimate state interests from "intervention" into institutional prerogatives. The final section of this paper attempts to address this problem.

Perceptions of Shifting Power

A questionnaire survey of executive budget offices, legislative fiscal staffs, and state higher education agencies was conducted in all 50 states as part of the Center's major state budget study. One question explored the perceptions of persons in each of these three major agencies of shifts in influence over budgetary decisions among the agencies and staff during the five years prior to the survey -- i.e., 1970-1975. Based upon the 32 states in which each of the three agencies answered the questionnaire, legislative fiscal staff are very clearly perceived to influence to a greater extent than either state higher education agencies or executive budget offices. But the latter two agencies are perceived to have made some gain. In contrast, institutions of higher education are perceived to have lost influence during this period.

Assuredly, budgetary decisions are not as critical to educational policy as are academic decisions. Nevertheless, we perceive the apparent decline in the influence of institutions as extending beyond fiscal matters, and as suggesting a decline in the ability of higher education institutions to defend themselves against intervention by state agencies.

STATE REGULATION OF HIGHER EDUCATION

Concern over the proper distribution of authority among agencies and institutions responsible for higher education appears to have reached the level of nationwide concern only within the past 20 years. The Campus and the State (Moos & Rourke, 1959) was the seminal study and analysis, and much of it, particularly in discussion of state administrative activity in areas such as purchasing, remains relevant. More recently, a number of attempts to specify appropriate allocation of responsibility between state agencies and the institutions have been made. Four of these were collected in a Supplement to The Carnegie Foundation report on The States and Higher Education (1976), each has much to recommend it, and the portion of the Supplement containing the classifications is attached to this report as an Appendix.

Our presentation differs from these earlier efforts somewhat by attempting to emphasize probable or perceived state policy positions that might be argued to support the intervention. There are several reasons why we believe that such emphasis is useful:

- ° Institutions of higher education are organizationally conservative, however liberal may be their individual faculty members. Faculty specialization, student expectations, and the sequential nature of instruction are barriers to change, So are the continuity of research interests, and, despite denials, simple bureaucratic inertia. All are strong

motives for most institutions to view any externally imposed change as unwarranted intervention into academic freedom, or into institutional autonomy, or both. This section emphasizes the other side of the balance by making state policy -- the reason for intervention -- the explicit organizing principle.

- ° State policy for higher education is rarely clear. Serious dilemmas face state university officers and governing boards who are directed both to reduce expenditures and to maintain quality without guidance from the state on the priorities that the state expects (Bowen & Glenny, 1976). Our format for presentation attempts to explore the implication of general policy positions held by elected officials in most states to the end of making them more explicit, particularly as new state controls impose on the institutions.
- ° Finally, the presentation is intended to shift emphasis from funding and budgetary practices to the substance of educational policy. Despite this intent, budgetary procedures are still prominent, for, to date, the budget remains the major vehicle for implementing state policy. Indeed, we have even suggested that some state higher education agencies may be neglecting their primary responsibility for educational policy because of fascination with the power and technical demand of state budgets (Glenny, 1976, pp. 148-150).

What state policies reflect state government's primary responsibility for higher education? A definitive answer is not possible, of course, for the states differ substantially. Even within the same state, policies for different institutions may vary in detail, in explicitness, and in substance. Nevertheless, our review of the thoughts of others as well as our own experience suggests that there are some six or seven areas either where policy is generally explicit or where action by the states clearly implies unarticulated policy. Chart 1 lists seven such possible policy areas, notes examples of policy implementation, and serves as an outline for the balance of this section.

CHART 1

POTENTIAL AREAS OF STATE POLICY FOR HIGHER EDUCATION AND SUMMARY INDICATIONS OF SELECTED, MAJOR IMPLICATIONS OF SUCH POLICY AREAS

1. Governance, coordination, and administration States may establish the number, type, and location of campuses. They may organize campuses through governing and coordinating structures to assure implementation of state policy. They may formulate and enforce state plans.
2. Access States may fix the numbers, distribution, and qualifications of students. They may determine the amount and conditions of student financial aid, and establish procedures to assure equitable access and equal opportunity.
3. Instruction States may establish criteria or procedures for determination of the adequacy of new and existing academic programs. They may establish procedures to assure geographically equitable distribution of basic programs, and avoidance of unnecessary duplication.
4. Research States may establish research programs for specific purposes, may require investigation of issues relevant to the state, and may condition the performance of research funded from other than state funds.
5. Public Service States may require training for perceived state manpower needs, both initial entry training and continuing compulsory training thereafter.
6. General Support States may determine levels of support using formulas or guidelines. They may determine both general salary levels and distribution of salary increments. They may use budgetary procedures or funding levels to implement or enforce policy positions in virtually all areas of higher education.
7. Accountability States may require adherence to standard accounting procedures, may conduct preaudits and postaudits of accounts. They may establish procedures for purchasing and construction. They may conduct performance or program audits, and may establish standards for faculty activity.

Governance and Coordination: Statewide Planning

Major issues of state control over higher education by state higher education agencies -- organizations designed and established for that purpose -- are covered in a number of places in this paper. In this section, the role of such agencies in statewide planning is emphasized as a possible source of state intervention and control. We cannot, of course, explore the entire subject of statewide planning, a subject which is covered in a recent and comprehensive handbook (Halstead, 1974). The limited point made here is our perception of changes in the nature and extent of statewide planning and the implications of these changes for institutional academic affairs.

Most statewide plans were originally developed in the 1960s to answer major questions relating to the growth and development of higher education, questions such as the following (Glenny, 1967):

How can the state provide a sufficient number of education places for new students? How can the state determine which colleges should become full-fledged universities and which should develop different roles and functions? What types and extent of research and public service activities are appropriate for each campus? Where should new colleges or types of institutions be developed? What level of financing is really required for each campus to maintain a quality program?

The questions were broad and the answers in the statewide plans reflected the pervasive expectations of growth that prevailed generally into the early 1970s. Palola, Lehman, and Blischke (1970) concluded that statewide plans appeared to be successful in meeting particular expectations which related to growth: Controlled expansion of new campuses and new academic programs and extension of educational opportunity. But they found also that planning had not been successful in giving direct attention to substantive educational questions of quality and excellence. Program plans in the late 1960s were based on enrollment projections that encouraged expectations of continuing funds for growth. But many of the projections were unrealistic -- in Illinois, for example, the expectation was that the percentage of college-age youth enrolled at all campuses in the state would increase from 60 to 68 percent between 1969 and 1974. In fact, the percentage remained constant (Lee & Bowen, 1975, p. 9).

Although few institutional administrators or faculty members perceived the statewide plans of the 1960s as fulfilling all their aspirations, probably most had, insofar as academic plans were concerned, expectations for a better future. These reasonably optimistic expectations continued into the early 1970s, in part because attention was distracted by student disorder and in part because many administrators and faculty were simply unwilling to believe that overall growth was ending.

Hindsight makes it easy to be critical of the statewide plans of the 1960s, of the slick paper, 10-year compendiums of institutional aspirations. Many plans were unrealistic in their predictions of the future, but however flawed they may have been in this respect, they captured the tenor

of the times, and reflected -- although perhaps for too long -- the strong state political and financial support with which the decade of the 1960s began.

But it is now apparent that statewide planning during the remainder of the 1970s and in the 1980s will be different. The major difference, in our opinion, is that statewide plans will be intended to be operational. There will be less interest in form and format and more on substance. At the present time, two of these matters of substance are sometimes explicit in plans and almost always at least implicit in the planning processes; they are the academic planning factors most likely to lead to charges of state intervention:

- ° State plans and planning procedures are increasingly explicit that funding requirements for new academic programs be available only through reallocation of existing resources on a campus, multicampus, or statewide basis.
- ° Similarly, plans and planning procedures emphasize the responsibility and authority of state higher education agencies to evaluate existing programs regarding their modification or termination.

Until recently, state higher education agencies directed (or attempted to direct) higher education along paths consistent with state governmental goals largely through control over increments of growth -- new programs, new campuses, new buildings, new funds. Statewide plans

emphasized change through incremental growth. But on the campuses, the general direction of academic affairs was set by internal pressures and academic aspirations and politics. For the most part, complex, internal, campus academic structures were left undisturbed by statewide plans or planning; the state higher education agency intervened only when the campus seemed to be moving farther or faster than the state plan allowed.

One might compare an operating campus with an enormously intricate jigsaw puzzle in which the fit of every piece depends on the shape and location of all other pieces. Properly assembled, the pieces form a picture that is determined by historical compromises, bargaining, student preferences, accident, and innumerable other factors. In many instances, one such factor might be the general statement of institutional role, scope, or mission determined in the statewide plan. Even if a factor in the past, the concern of state higher education agencies and statewide plans was mainly at the edges of the puzzle, a concern with additional pieces, and not with those already in place. But the luxury of such marginal interest is not possible any longer. The state higher education agencies are clearly interested in shifting pieces in the middle of the puzzle, an action that can distort the entire picture.

A recent and perhaps typical example of what might be expected in other states occurred in the State of Washington where the state higher education agency staff recommended a proposal to terminate doctoral programs in history and English at Washington State University. The agency deferred acting on the proposal of its staff until 1979.

Institutional representatives argued that elimination of the programs would undermine its role as a comprehensive institution. Agency staff countered with the contention that the primary purpose of the programs was the preparation of students for careers. (Scully, 1977)

The Washington situation is interesting in two other respects: Institutional faculty (as opposed to administrators) urged that principles of academic freedom would be violated by the impact of the elimination of the programs. Also, this may have been one of the few times when a national, higher education association (the American Council on Education) has taken a public position before a state higher education agency -- the association opposed the staff proposal.

Although program control could violate academic freedom, it would not appear that this occurred in Washington -- at least as academic freedom has been defined in the past. But the issue was raised, and this, together with the interest of one of the most prestigious higher education associations, is an indication of the seriousness with which the planning activity was viewed.

In summary, academic planning until the very recent past has generally meant "intervention" in higher education only in the sense that it has attempted to control future institutional patterns. Increasingly, however, statewide planning means ongoing planning procedures, not just static plans, and these procedures rely on two important aspects of coordination and governance:

- ° Review and evaluation of new and existing academic programs.
- ° Continuing performance of policy and program studies and analyses.

The interest of state government in statewide planning has shifted from concern about orderly growth to concern about quality, effectiveness, and internal institutional dynamics in a period of consolidation. As plans and planning procedures reach more deeply into the institutions, the question is whether the planning agencies are organized and staffed to make the judgments required. How can faculty peer review be utilized? How can procedures be made sufficiently sensitive to institutional program balance?

Access

The basic state policy question is "whom shall we educate?" The answer, like the answers to many other such policy questions, seems most often to be found in practice rather than in words. Basic social and economic forces filter through political reality and procedures to result in governmental rules that set the broad outlines of an answer. The answers are often so broad, in fact, that they may have little impact on the actual composition of the student body at a particular institution.

There appear to be five major issues of access in which state policy can have a controversial impact on institutions: preference for residents, admissions, enrollment limits, affirmative action, and student financial aid.

Preference for Residents. The primary purpose of public colleges and universities in the view of most state governmental officials is to serve residents of the state. Eulau and Quinley quote what is probably the viewpoint of a typical state legislator: "I have the impression that the University is admitting too many out-of-state students and is restricting the chances of our own people" (1970, p. 92). They report other views to indicate legislative awareness of the value of geographically balanced enrollment in their state universities, but, as a Texas state senator suggested, balance would have to give way "in areas of pressing need -- such as medical and dental schools" (p. 91). Direct limitation of admissions is found in many professional programs, including not only medicine and dentistry but also veterinary medicine and law. There are probably few states in which tuition for non-residents is not substantially higher than for residents. In the late 1960s, some states -- Wisconsin and Michigan are examples -- applied overall quotas or proposed them for out-of-state students because of legislative perceptions that such students caused the then current campus unrest. Additional favoritism is found in conditions on state supported student financial aid which generally must be used by residents in institutions within the state.

The implications of state intervention to favor residents can be profound for the institutions, but, in general, difficulties are restricted to fairly specialized cases. The need for graduate programs to draw from the very best talent in the country is generally considered essential, for the quality of the students is as important as the quality of the faculty. Where the only barrier is the higher out-of-state tuition, the problem can be met by student financial aid or by tuition waivers. Absolute

prohibition on enrollment of out-of-state students, on the other hand, can clearly place graduate programs of a major public university in a poor competitive position in relation to those on private campuses.

Perhaps the major difficulty with quotas imposed on a statewide basis is their lack of discrimination. In the Wisconsin situation to which we have referred, the disorders which gave rise to the quota were at the Madison campus, but the impact of the quota was reportedly most severe at the then separately governed, collegiate campus at Whitewater, a campus which drew a substantial fraction of its students from nearby Illinois. It should be noted that Wisconsin and Minnesota have entered into an interstate agreement which allows students from either state to enroll in any of the public institutions of the state without paying out-of-state tuition. A balance of payments settlement is made at the end of each fiscal year by the respective government in debt to the other. North Dakota has entered into a similar compact with Minnesota.

Admission Standards. An established feature of state higher education policy is the setting of general eligibility standards for admission (Carnegie Commission, 1971, p. 105). State requirements are generally minimum standards, and the institutions retain control over the admission of specific students from within the pool of those eligible. The instances in which statewide controls have caused difficulty appear quite selective. The termination of the open admissions policy in the City University of New York was brought about by pressure from the state. In California, the California State University and Colleges system is prohibited from drawing students from the lower two-thirds of the high

school graduates. This limit may cause difficulty as that system competes with the numerous, attractive, and less expensive local community colleges who can admit any high school graduate.

In general, state intervention into admission processes is not likely to be a major cause of institutional concern. It is likely that progress will be made toward statewide standardization and simplification of admission forms -- possibly over institutional objections (Bailey, 1974, p. 5). In substance, however, most institutions will retain control over their student body. The senior officer of one major university characterized state imposed admission standards as "sort of general rules," and noted that any student "really interested in attending" would probably get in.

Upper and Lower Campus Enrollment Limits. During a period of enrollment growth, it was relatively common for states to impose upper limits on the size of the campuses (e.g., California Master Plan, 1960, p. 108). These ceilings may still restrict access at some major state universities and, perhaps, at campuses in growing urban areas (e.g., the Central Campus of the University of Houston). Although these upper limits are of less general significance during the current period of plateauing or declining enrollment, they may still serve the purpose of shifting students from one campus to another to assure controlled growth. The latter would appear to be exemplified in Maryland currently.

Declining enrollments, if rendering enrollment ceiling of less interest, raise the issue of possible lower limits of enrollment for a

campus. The question is whether or not there is a point at which a campus becomes so small that it is no longer educationally -- or perhaps economically -- effective. Although this question was explored at some length in Wisconsin (University of Wisconsin System, 1975) and earlier in South Dakota and Montana, we are unaware of any systematic imposition of such lower limits. The termination of a campus undoubtedly presents an extreme case of state intervention. But it is also an example of state responsibility that few would challenge on grounds of intervention with institutional autonomy. Proposals for closing campuses in isolated areas where enrollment does not appear to be either presently or prospectively supportive have not met with success in Montana and only partially so in South Dakota. The issue is political as much as it is educational. A somewhat different issue is presented by the continued existence of predominantly black schools in close proximity to predominantly white campuses. The issues surrounding closure, merger, or program modification in these situations appear beyond the scope of the present paper.

Affirmative Action. The right of the states to foster equal educational opportunity through appropriately conditioned student financial aid and a variety of new or relaxed admissions procedures appear to be unquestioned. Questioned, however, are policy proposals which would require public campuses to enroll minority groups in proportion to the presence of such groups in the general or regional population. The issue appears latent at present, possibly because of the uncertainty surrounding the constitutionality of racial quotas in pending litigation.

Student Financial Aid. State policy may determine general conditions and qualifications for state supported student financial aid. Controversy concerning state policy is usually related to social rather than educational policy. This is true, for example, regarding state policy favoring low-income or minority applicants over others. A somewhat different issue is presented by conditions on state support which, if not favoring independent, private higher education, tend to assure its continued good health. Although state supported institutions may object to state support for private campuses on a variety of grounds, we are not aware that they have considered it unwarranted intervention.

Although general conditions on student financial aid are generally accepted, the attachment of specific conditions may be considered beyond reasonable state policy purposes. In New York, for example, the legislature distributed graduate fellowships among specific institutions over the objection of the State University of New York, which believed that such distribution was a prerogative of the central offices in consultation with the institutions (Glenny, et. al., 1975, p. 74).

Instructional Programs

Few areas of state educational policy are more controversial than that of the role of state governmental agencies in the review, approval, modification, and termination of instructional programs. The major Carnegie Commission report in the area of state-higher education relations is instructive, for it appears to define the outer limits of the problem, but is silent concerning the problem itself. The Carnegie Commission recognized that it was "appropriate for the state to exercise influence and

even control" over "Major new endeavors" and "Effective use of resources" (1971, p. 105). On the other hand, the Commission was equally clear in stating that the "Determination of courses of instruction and the content of courses" were within the "essential elements of academic freedom" which should remain within institutional control (1971, p. 106). Few, if any, legislators or educators would disagree with these outside limits. But between the establishment of a medical school at one extreme and the approval of a course lesson plan at the other, wide areas for disagreement appear. The problem arises from the essential continuity of activity relating single courses to ultimate degrees. In their recent study of program review by state agencies, Barak and Berdahl note that the "distinctions between program, major, areas of emphasis, concentration, option, and specialty were frequently... vague" (1977, p. 2-2).

The state policy purposes that underlie the establishment of program review procedures define -- or should define -- the "program" to be reviewed and what the criterion for review should be as well. Barak and Berdahl (1977) suggest several possible purposes:

- ° Program review may be a way of assuring the state of the quality of the programs if qualitative factors are built into the review process through peer review procedures.
- ° Program review can be a way of implementing state policy relating to efficiency and effectiveness in a period of tight budgets if the review process takes account of budgetary factors.

- ° Program review can be a way of implementing state policy in the

distribution of programs among campuses by bringing the state-wide perspective to the process.

In addition to these major purposes, program review can serve as a way of protecting students -- the consumers -- and as a way of demonstrating accountability to the general public. There can be little doubt but that state governments have a legitimate interest in academic programs, but, as Barak and Berdahl point out (1977, p. 1-10):

Yet it is perhaps axiomatic that few issues are more sensitive to higher education than that of state-level program review and approval. The idea that "outsiders," "state bureaucrats," "representatives of a political environment," or even "governing board staff" might meddle in institutional academic affairs probably transcends all of the other administrative and coordinative issues relating to state-wide coordination of higher education.

This report does not discuss this most sensitive issue of review of academic programs by state higher education agencies. The issue is one of vital importance as the currently pending litigation between the State University of New York and the state higher education agency in New York clearly indicates. The issues are adequately covered by the pending Barak and Berdahl study. We do specifically concur with their recommendation that academic program review should be in the hands of state higher education agencies in close cooperation with the institutions. In reaching this conclusion, they express the hope that state executive and legislative agencies will avoid interfering in the process. We will discuss briefly

the apparent inroads which the latter might take.

Executive Agencies. Although state higher education agencies are technically executive agencies in some states (Arkansas and New Jersey, for example), the primary staff support for governors in most states on higher education matters is the state budget office. Although the major focus of these budget agencies is on fiscal matters, they enter into more general state policy areas for a number of reasons: Budget staff are being increasingly recruited from graduate and professional schools, and these new recruits have a personal interest in higher education; budget staff are informed concerning institutional structures and functions, are "available" for assignment; and current budgetary practices do not draw a clear line between "fiscal" and "substantive" issues.

Despite the executive budget office's major role as adviser to the governor, we are not aware of state procedures in which such offices have a role in routine program procedures. They are more generally concerned with revenue constraints, productivity issues, and effective use of resources than with instructional programs as such. Moreover, most instructional programs have a low profile in budgeting because they are either funded through general formulas or are carried forward from year to year in an unexamined budget base. But unusual or new programs can attract the attention of state budget staff. In New York, for example, budget staff sat in with instructors conducting assessments of prior learning to review the nature and extent of faculty effort. In California, the definition of off-campus "learning centers" was apparently developed by state budget office in the absence of agreement by the institutions

on a definition. Neither of these instances is "intervention" as the term would be commonly understood. Both reflect appropriate or necessary functions of the state budget office concerned: The presentation and defense of the governor's budget require that instructional programs be presented in relatively standard, simple, quantitative terms. Yet many -- perhaps the most critical -- factors in higher education cannot be quantified at all. The danger is that inappropriate rules or definitions may become frozen into formal or informal guidelines that would inhibit program changes and growth.

Legislative Agencies. State legislatures and legislative agencies are more likely to be directly concerned with program review than are governors and, with the exception of state higher education agencies, executive staff. In some states -- Washington, for example -- the authority to approve the establishment of new degree programs is an explicit statutory responsibility of the legislature. But explicit authority is not needed, for legislative staff in most states can be instructed to review most facets of academic programs.

An example of an attempt to find a balance between legislative and institutional responsibilities may be derived from a contretemps in Wisconsin in early 1976. Very briefly, legislative audit staff was conducting a survey of the procedures under which the University of Wisconsin System evaluated academic programs. In explaining the survey to the governing board of the Wisconsin system, both the director of the survey and governing board members confused auditing of review procedures with

auditing of program substance and quality. The governing board considered that its prerogatives and those of the University System were being invaded. Although feathers were unnecessarily ruffled, the resolution of the governing board directing university staff not to participate in the audit is a clear indication of how most institutions would view legislative program review (Wisconsin Board of Regents, 1976, p. 12):

The demand of the State Auditor for audit of academic offerings and performance of faculty and other academic staff in the University of Wisconsin System is unprecedented and appears to be contrary to its statutory authority. The proposed actions would usurp the respective statutory responsibilities of the faculty and the Board of Regents. The effect would be to irreparably injure the University of Wisconsin System and the academic enterprise. Therefore, the Board of Regents respectfully declines to permit, and directs the staff not to participate in, the proposed audit.

The critical factor which was discussed at length in the verbatim minutes of the governing board was the competency of legislative staff to evaluate academic program quality. We suggest that if such evaluation had been the intent of the legislative auditor then the balance between state policy and institutional prerogative would have been upset. Our own experience and that of others (See Eulau & Quinley, pp. 51-65) indicates that many but certainly not all legislators would agree. On the other hand, legislative responsibility for higher education does include the obligation of assuring that institutions have procedures both formally and in operation for evaluation of program quality. Colleges and universities

are no more likely to examine their own effectiveness than is any other organization -- less likely than private businesses, for higher education lacks the compass of a profit and loss statement to show when the course is wrong.

Innovative and Nontraditional Education. State government can encourage higher education institutions to try different instructional approaches in a variety of ways. We doubt if many people would question the interest of state government in assuring itself that its institutions are not falling behind times in either technological changes or in program substance. A statement of what might be considered an extreme view of the legislatures' obligations is found in a report of the Citizens Conference on State Legislatures (1975, p. 2):

At present, the political power of postsecondary institutions in the states and the unwillingness or inability of the legislatures to challenge the institutions effectively forecloses legislative development of innovative programs... By no means should legislatures take over the administration of universities and colleges, but they should create a climate of responsible decision-making which respects institutional prerogatives while commanding innovative responses.

We doubt that many legislatures are powerless to institute change because of the political strength of the institutions, but, most of all, we doubt that legislators -- or higher education administrators, for that matter -- will have much success in "commanding innovative responses".

We are under no illusions concerning the general reluctance of most colleges and universities to adopt new instructional methods or programs. A recent study indicates that new programs are more likely to have their origin in some central authority than, like traditional programs, to arise from spontaneous faculty interest (Bowen, Edelstein & Medsker, 1977, p. 77). Nevertheless, state policy favoring innovation may be best served in ways other than issuing mandates for innovation:

- ° Allowing institutions sufficient flexibility in operation so that the economies of new programs will remain at the operational level -- this is the case at many private institutions.
- ° Directly operating a new program through a state higher education agency as is the case with the Regents' external degree program in New York or extension and continuing education in Colorado and Oregon.
- ° Rewarding innovative efforts through grants and prior funding, as is found in a number of states -- a program operated by the Board of Higher Education in Illinois is an example.

Research

With the exception of agricultural research, state governmental interest in scientific investigation has generally maintained a low profile. The impressive record of federal support in this area has cast a shadow over substantial state contributions. An article, "Support of Scientific Research and Education in Our Universities," in Science magazine is

indicative in mentioning state support only as an alternative to leveling federal funds (Long, 1969, p. 1038):

However, we must face the fact that, as of now (1969), federal funds have leveled off and will probably increase only slowly at best. Hence we must look for other sources of funds to support our university teaching and research programs. One such source is the state and local governments.

The importance of state governmental interest and support of university research has been obscured by at least two factors: State support of specific research interests has generally been not only small in comparison with similar federal support, but it has almost always been concentrated in centers and institutes which are closely related to instructional functions. Second, and perhaps more important, state research support has been generally part of overall institutional support under the "instruction" budget item or line. State support has also been regularly, if indirectly, provided in the form of reduced instructional workload for faculty in publicly supported research universities. While it would be difficult to assess the amount of state support for research with accuracy, it has been substantial. Undoubtedly, however, the primary state interest is perceived as being the teaching and instructional function. Betz, Kruytbosch, and Stimson suggest that something like organizational schizophrenia has resulted from public universities' maintaining two images (1968, pp. 131-148). One image is that presented to the state to obtain appropriations and is characterized by "quantity" measures (p. 143):

Since state appropriations have been regarded as "base" funds for the university, the quantity measure has become the predominant and more systematically worked out of the two sets of measures. The student-credit hour is primarily a quantity measure.

The other image is the one presented to the federal government to obtain research grants. This image is one of "quality" (p. 143):

In contrast, federal research funds have come to represent quality. Of course, research capability has denoted quality to the academic profession since the inception of the American university. However, the concept of scholarly endeavor has increasingly come to mean research activity in the framework of federal funding.

Although schizophrenia may be an overly severe diagnosis, it is clear that public universities are troubled by internal contradictions in funding justifications as well as other aspects of research and graduate education (Breneman, 1970). We agree with the suggestion of Betz, et. al., that the conflict and inconsistency between the two images has become both more explicit and more severe in the context of tightening state and federal budgets.

There appear to be two major aspects of the increasing or, in some instances, renewed state interest in research which could lead to controls and intervention. First, the states are interested in how research funds

are being utilized, both those funds supplied by the state and those supplied by others. Interest in federally funded research is included here, but appears to have more significance for financing than for research, at least immediately, and is discussed under that heading in a subsequent section. Second, state governments are evincing greater interest in the possibility that university research specialists can assist them in resolving critical policy questions.

Use of Research Funds. From time to time, state agencies have shown interest in obtaining more accurate information on the relationship between state appropriations and university research activity -- the lack of a budgetary "handle" on research has troubled many a state budget analyst. To this end, for example, there have been suggestions that a proportionate amount of the salaries and instructional budget of research oriented campus be attributed to "research" and budgeted separately from instruction. We are not aware of state budgets which have in fact, attempted this reallocation as yet, although formula computations in Kentucky may be a step in this direction (Education Commission of the States, 1977, p. 61).

The costing issue will not go away, for higher education institutions are themselves interested in more precise data as the impact of increasing costs in virtually all areas is sharpened by growing competition for state and federal funds. The Major Research Universities' Task Force of the National Center for Higher Education Management Systems (NCHEMS), for example, is exploring a breakdown of faculty activity into ten categories which would discriminate between "departmental research" and "separately budgeted research" (Topping, 1976). Similarly, the revised classification

of programs by NCHEMS extends the scope of "research" to include departmental research (Collier, 1976, p. 15). At least one major difficulty perceived by the universities is that costing information and programs which they develop for their own purposes will be used -- perhaps misused -- by state agencies for their purposes. Even if not misused, separate budgeting for the instructional and the research functions would undoubtedly put research funding in a perilous position, for the separate budget "line" would present an obvious target for reduction in the give and take budgetary negotiations. This appeared to be the case during recent fiscal crises in New Jersey (Bowen & Glenny, 1976, p. 181).

In at least one instance, state interest extends beyond the use of state funds and into the use of external funds and the relationship of the latter to perceived state goals. A newspaper reports (Lattin, 1977):

University of California researchers -- who have developed most everything from the square tomato to the neutron bomb -- are the target of a far-reaching investigation by teams of state and federal auditors... Some state legislators are asking hard questions about who benefits from products of these tax-supported studies. The concern is whether university research is aiding private industry at the expense of social goals, such as full employment and a clean environment.

Legislative interest appears to have been aroused largely by hearings concerning occupational illnesses of farm workers caused by pesticides and by recurring concern that small farmers and farmworkers are being displaced

by automated agricultural machinery. The legislators are reported to have indicated that they do not intend to direct university research policy, but one senator also stated that although the university's autonomy might be protected by the state constitution, university policy could be influenced through the budget.

The issues raised by possible state control over the direction and nature of research are beyond the scope of this paper, although, in general, the issues are similar to those relating to federal and local efforts to control genetic research related to recombinant DNA or, as a second example, to protect the human subjects of research. Not only will state controls vary across states, but they are likely to be more stringent than federal regulations as they build on the federal base.

Research and State Public Policy Issues. In a more positive fashion, states are concerned with public policy issues, and believe that university research resources can assist in resolving these. Probably every state university has a history of sporadic, usually informal, consultation and discussion with state officials and agencies. As demands increase on state governments to resolve complex issues of the environment, energy, and natural resources, legislators ask for more formal and sustained assistance from higher education institutions. The problem relates to the public service functions of the university, but also holds clear implications for the research function.

In 1976, the California legislature considered a proposal for the establishment of a "Public Policy Research Foundation," and parts of the

introduction to the bill indicate the research concerns (California Legislature, 1976):

The Legislature annually appropriates over \$110 million to the University of California for research; the University... has not substantiated that this investment of state dollars yields substantial benefits in providing useful knowledge for public policymakers...

There should be experimentation with alternative methods of financing research within the University of California to increase the availability and quality of policy research; exploration of alternative methods of financing research should be accomplished primarily through reallocation of state appropriations.

When one faculty member learned of the proposal, he complained that the legislature was trying to get him to change his professional career plan in its entirety. His concern, we inferred, was that he would be either required or encouraged to sacrifice his continuing, long-term, theoretical interests to a series of short-term searches for quick administrative solutions to problems of the state bureaucracy. His concern may have been overdrawn, but it was nevertheless real. If the research capacities of a university are fully employed, something must give way if additional tasks are demanded. An attempt to resolve this problem in California is discussed in the following and closely related section on the public service function of higher education.

Public Service

Of the three traditional functions of higher education, public service is the most difficult to define with precision. In general, public service includes activities that are beneficial to groups external to the institution (NACUHO, 1974, p. 8):

These activities include community service programs... and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar noninstructional services to particular sectors of the community.

In the previous section on research, we noted the greater interest shown than in the past by state governments in increasing the extent of consultation between universities and state agencies. There seems little doubt that such an increasing contact will take place in many states, and the issue becomes one of recognition by state agencies that the consultation is not without cost. Few institutions or professors would object to a faculty member spending a few days in the state capitol discussing, say, current technological and productivity issues in the coal industry. Most might object, on the other hand, if the discussion required six months research, a detailed written report, and a defense or presentation of the report at legislative hearings. Payment for the time and expenses incurred would ease objections somewhat, but not entirely, for several important questions are raised in addition to cost:

- ° Does the university have the specialized capacity to provide the

advice which the state seeks? This might include facilities and equipment as well as individual talents.

- ° Is the specialized capacity available within the time frame contemplated by the legislature or other agency concerned? This question requires attention to both the instructional and research requirements of the individual faculty researchers.
- ° Does the inquiry require research -- either basic or applied -- that is within the province of the university? Or is it essentially testing or survey activity that might not be consistent with the primary missions of the institution?
- ° Would responding to the inquiry be consistent with institutional and departmental academic plans?

An attempt to meet state needs in this area without sacrifice of university independence is illustrated by the California Policy Seminar, a two-year program of the University of California. Chaired by the University President, the Seminar consists of six faculty members, the Speaker of the Assembly, the President Pro Tempore of the Senate, two other legislators from each house, and two gubernatorial appointees. In 1967, the Seminar commissioned 11 papers on California public policy issues from proposals submitted by interested faculty. With these papers as background, the Seminar plans to sponsor research by providing faculty with released time, summer compensation, and graduate student assistance.

It is anticipated that the research will be published. As part of their responsibilities, the faculty researchers will be required to maintain contact with the state governmental officers who are actively involved in the policy area (Cummins, 1977).

A second issue posed in the public service area relates to the growing tendency for legislatures to increase the educational qualifications of professional and subprofessional practitioners in a wide variety of fields. Generally, these requirements are imposed as conditions on state licensing or relicensing. An example is furnished by 1974 legislation in Virginia relating to real estate salesmen and brokers (Citizens Conference, 1975, pp. 60-61):

As of July 1, 1975, every applicant to the Virginia Real Estate Commission for an initial license as a real estate salesman shall have completed a course in the principles of real estate, such course to carry academic credit of at least three semester hours or six quarter hours (but not less than 45 classroom hours in either case). The course shall be one at an accredited university, college, community college, or school, or an equivalent course approved by the commission.

As of July 1, 1975, every applicant to the Virginia Real Estate Commission for an initial license as a real estate broker shall have completed courses in real estate approved by the commission... estate brokerage, real estate finance, real estate appraisal, real estate law and related subjects.

As is the case with much legislation of this nature, the bill was examined by legislative committees concerned with the major substantive area involved, real estate in this instance, not by the education committees. The study in which this example was reported speculates, correctly we believe, that even though the legislation was not reviewed by the state higher education agency, the legislative education committees, or the legislative fiscal committees, all might well be faced with institutional requests for funds to support new, legislatively imposed instructional requirements.

This legislation illustrates what might be called the broader problem of unintended consequences of legislation. Although the size of state government has not yet approached that of the federal establishment, most states have offices that are either sufficiently large or sufficiently fragmented by jurisdictional boundaries so that all major implications of proposed legislation cannot be explored. This is particularly troublesome for universities whose activities and functions are extremely diverse. It is not enough that state legislatures may be averse to intruding on university prerogatives; colleges and universities must have the organizational capacity to be vigilant against unintentional intervention.

Financing and Budgeting

If control over academic programs is the most controversial area in the relationship between institutions and state higher education agencies, budgeting and financing hold a similarly prominent position in the relations between institutions and state governors, legislators, and their respective staffs. Although budgeting is one activity which is carried on

by all states, the forms and procedures vary widely. The diversity of procedures and attitudes are described and discussed in the reports on our earlier budgeting study (See particularly: Glenny, et al., 1975; Glenny, 1976; Schmidtlein & Glenny, 1976; Purves & Glenny, 1976). For purposes of this exploration of state intervention, three aspects of state budgeting appear relevant:

- ° Procedural matters. The budgetary procedures themselves may influence state intervention to the extent that they incorporate formulas, hearings, reports, and systematically collected information.
- ° Substantive matters. The fiscal matters inherent in the budget process may influence intervention in the extent to which particular expenditures are detailed and in the extent to which funds other than state general revenue funds are appropriated.
- ° Educational policy. In some states policy direction which is only peripherally related to fiscal matters finds its way into budget bills and ancillary budget documents.

The state budgetary process is undoubtedly the major means by which state policy is conveyed to the institutions by state agencies. John Folger of the Education Commission of the States has reminded us in correspondence that the level of expenditures (not discussed in this paper) may have as much or more to do with "functional autonomy" than do the great variety of rules and regulations relating to the expenditure of funds.

We obviously cannot discuss all or even a substantial fraction of the instances in which these procedures have been considered unjustified intervention into institutional affairs. We do believe, however, that most of these instances could be located in one of three categories above which organize the discussion in this section of the paper.

Budgetary Procedural Matters. The distinction between procedure and substance is no more exact in budgetary theory and practice than in other areas of human activity. The manner of developing a budget undoubtedly tells something about the detail in which expenditures will be controlled. Although it is difficult to be certain about the impact, it does seem, for example, that the more recent attempts to substitute program budgeting procedures or zero-based procedures for line-item budgets have had the effect of involving the state in matters which had been generally considered the internal affairs of the institutions. Nevertheless, we believe that the procedures have independent significance. For example, formal budget documents may be silent on matters of importance settled informally during legislative hearings. There are five primarily procedural areas discussed here: formula budgeting, special studies, legislative hearings, information, and savings.

Formulas. In virtually every state, governmental agencies use formulas or guidelines to allocate funds to colleges and universities. In some instances, at least on the surface, these may be somewhat gross rules-of-thumb: student/faculty ratios used in most states are an example. In other instances, formulas may be extraordinarily complex, as in Texas where they

have been used to the apparent satisfaction of both the institutions and the state for many years. In both instances, formulas serve three major purposes: They assure the state and institutions of the adequacy of the level of funding; they provide similar assurance regarding the distribution of available funds among the public institutions; and finally, formula computations, even the most complex, substantially simplify the review of institutional requests for funds.

The difficulty which institutions experience with formulas in many states -- perhaps at one time or another in almost all states -- is the increasing tendency for state legislative agencies to view formulas as operational plans for expenditure rather than as measures for fund acquisition. We are advised that this improper use of formulas is causing difficulty at the present time in the Minnesota State University System. The problem here is not merely one of level of detail but one of concept. Formulas relate to fund acquisition and concern relationships among projections of student enrollment, faculty numbers, and instructional programs. Expenditure plans deal with reality -- with actual students, actual faculty, and actual programs -- as it exists a year or more after formula computations were made.

Institutions are not blameless in this difficulty with formulas. Some do not maintain records which would permit post-audit of funds, and state agencies then have recourse to formulas as the only record. Moreover, the longer that formulas are used for acquisition, the more likely it is that schools and departments and other internal constituencies will acquire

vested interests in their continuance. Internal pressures as well as external misconception can cause formula use to limit fiscal flexibility.

Hearings. The extent to which the legislature requires or allows oral presentation of budget requests varies substantially among states. Extensive hearings can increase mutual understanding, but the give and take of discussion also has its detriments. In particular it is difficult to keep the discussion within the bounds of the budgetary issues. These hearings offer an opportunity for legislative direction that may have little to do with the budgetary issue under discussion. In some states -- Wisconsin is an example -- students and faculty present their own particular requests at legislative hearings. Few of these are recognized, but some are and find their way into language in the higher education budget.

Special Studies. Earlier in this paper we commented on the tendency of governors to use executive budget staff as general administrative staff in examining educational policy issues. Legislative staff and audit agencies are similarly used by legislators. The issue is not whether the state government should have information or make studies, but rather whether these studies should be undertaken in the context -- the extremely threatening context -- of state budgeting. The Data Digest (Glenny et al., 1975) revealed that each of the state reviewing agencies reported using special studies more often than any other analytical tool in reviewing the operating budgets of institutions. The budgeting study found that while every agency carried out several such studies, these studies were not coordinated among the agencies. Institutions had to respond to many different requests for somewhat different data and information but often in different formats or

different aggregations. The loss of time and resources by colleges and universities appeared to be considerable, and to many of their leaders as a waste of precious human resources. Further, the 50-state survey revealed that although the studies were made primarily for budget purposes, in general the results had very little effect on the budget recommendation of the particular agency. The fact of making the study, of shaping the institutional reporting system, and of raising questions about practice resulted in a type of pernicious intervention in program areas not easily identified in its particulars.

Information and Information Systems. In addition to special studies of current issues, many states are establishing management information systems to generate extensive amounts of quantitative data on a routine basis. The major problem with such systems is in the appropriateness of the design in the view of the probable use. We have commented elsewhere on the dubious value of using a single information system for purposes both of budgeting and academic planning (Purves & Glenny, 1976):

In the budget request process, there is not only a significant difference in the characteristics of information required for the two different functions of control and playing, but also a tendency for state agencies to concentrate on one function to the exclusion of the other. At the same time, those who support more planning attempt to impress it on the routines of the budget process by including data that relate to educational outcomes and other program and policy considerations. Data for the planning process and the analysis that might prove useful tend not to be routine, however,

and these therefore come into direct conflict with the rigidity, tight time schedule, information formats, and shallow detail of the budget process. (p. 171)

There is an intimate relationship among the accuracy of information, its timeliness, and the level of detail at which it is aggregated. Each state has particular structures of governance and coordination which mesh with its budgetary processes to outline a probably unique information system. In general, state agencies should be wary of collecting more information than they need or can use. The temptation is to gather everything that is available for good intentions and bad ones. The director of one state higher education agency may well have lost the confidence of other state agencies because of his honest belief that he needed all of the information that the institutions had in order to perform his coordinative role. On the other hand, we are aware of a state budget examiner who used computer print-outs only as a footstool in his office. His excuse for collecting the information was that it "kept the campus on their toes."

Compliance costs in responding to requests for information are great. Despite great technological advances in data handling, our own experience indicates that a great deal of information is still collected and analyzed manually. Moreover, the existence of extensively detailed information at the state level provides an almost irresistible temptation for the state agencies to make decisions at the same level of detail.

Savings. A distinct problem of public institutions is brought about by the general rule that unexpended state general fund appropriations lapse at the end of a budget year and revert to the state treasury. While on leave at a private university, a professor from a state supported campus was surprised to find the departmental secretary rationing typewriter paper by the sheet so that the department could save money to purchase laboratory equipment not otherwise available. This form of economy would have redounded to the benefit of the state rather than the department in most public institutions. Automatic reversion of unexpended state funds is, perhaps, a somewhat attenuated form of intervention into university affairs, but it is real in its impact on fiscal flexibility and on the incentives for economy and greater effectiveness at the operational levels. Moreover, some states anticipate the amount of budgetary savings for the incoming budget period and deduct all or part of the estimated amount from the actual appropriation to the institution. Clearly, this reduces both flexibility in management of resources in the face of changing circumstances and creates conditions discouraging the institution from making savings of any type.

Budgetary Substantive Matters. The touchstone of balance is never more apparent than in dealing with issues that are both legitimate budgetary ones and at the same time clearly issues of academic responsibility. Three such areas which provide examples are faculty salaries, credit hour or cost computations, and the question of state legislative appropriation of other than state funds.

Faculty Salaries. The Carnegie Commission (1973, p. 26) suggests that public control includes setting the general level of salaries, but that the determination of specific salaries is an attribute of institutional independence. Although at one time the legislature in North Carolina did set the salaries of individual, senior administrative staff at the campuses the practice was discontinued. We are not aware of current examples of legislative setting of individual salaries. A commonly exercised control, however, is legislative specification of the use or distribution of salary funds which are appropriated. Joseph Kauffman quotes a new campus chief executive who found state intervention troublesome in this area, and the reference to diversity of controls across states should be noted (Kauffman, 1977, p. 154):

... He noted, for example, that the legislature had voted a faculty salary distribution which did not permit a merit principle and did not give discretionary authority to the institution... Ceilings on faculty salaries were set by the state, and the university found it necessary to supplement senior faculty salaries with privately raised funds. The new chancellor had substantial experience in a major public university in a nearby state but was unprepared for the differences he encountered.

Legislative requirements that "cost-of-living" salary increments be distributed across-the board are an obvious response to the spiral of inflation, but the response might well be left to the discretion of the governing boards. The vagaries of state policy are illustrated in the

issues surrounding merit salary increases: As the legislatures appear to be reducing or even eliminating the discretion of the governing boards in higher education, they are attempting to encourage and require merit considerations in the setting of the salaries of elementary and secondary school teachers.

Credit Hours and Costs. A student credit hour is "the instructional unit for expressing quantitatively the time required for satisfactory mastery of a course of one class hour per week per term" (Hefferman, 1973, p. 65). Credit hours are, in one form or another, the currency of the higher educational realm. They measure both quantity and quality, and apply to the full range of higher education offerings. Everyone criticizes them and almost everyone uses them.

Here again, the question of state intervention is one of the degree of detail or exactness which is attributed to a useful but imperfect measure. The title of an article reviewing uses of quantitative data based on credit hour computations is sufficient in itself to indicate the healthy skepticism of academics to detailed governmental use: "Proved at Last: One Physics Major Equals 1.34 Chemistry Major or 1.66 Economics Major" (Hyde, 1974, p. 286). Unintentional humor appears as administrative attempts to quantify the higher education enterprise reach animal care:

One mouse equivalent unit requires 0.125 square feet of space and 0.0004167 FTE staff. Total cost of maintaining one MEU ranges from 1 to 1.5 cents per day depending on the efficiency of the physical facilities, labor costs, etc., and on the fiscal and management policies.^a

Except for the simple student/faculty ratio, the most used method of state agencies in determining need for additional faculty members (or a reduction) for an institution is the number of student credit-hours taught. Particular numbers are assumed for each level of instruction (e.g., 500 per faculty FTE at undergraduate, 260 at master's and 80 at doctoral level). The number of student credit hours are then estimated for each level and the number of faculty members determined and then budgeted at the average salary for the institution. Just as no firm conclusions have been reached about the effectiveness of instruction according to class size, so it is with the number of student credit hours that a faculty member can be expected to teach. The state agency can inch the number up each budget cycle almost without the knowledge of the faculty members actually involved and can claim that no proof exists that the increase is inimical to educational quality.

Other than State Funds. Public colleges and universities may receive funds from several sources other than state general fund appropriations. Endowment income, tuition and fees, income from ancillary enterprises, and externally funded research and other program support are the most common examples. State budget processes have long accounted for at least an assumed level of such outside support, and, of course, in some states income such as tuition or reimbursement for the indirect costs of federal grants is paid directly to the state general fund. In some instances, state appropriation bills have referred to external funds in relatively simple, nonrestrictive language in order to authorize institutional expenditures.

The current issue in this area is raised by attempts of several state legislatures to gain control over federal funds destined for state agencies. The federal Advisory Commission on Intergovernmental Relations recognized the issue as one of general concern and made recommendations and proposed model legislation early in 1977 (Advisory Commission..., 1977), and earlier issued a bulletin outlining the history and rationale behind the recommendation (Advisory Commission..., 1976). The interest of the state legislatures in the expenditure of federal funds seems clear, for federal funds account for more than 20 percent of the total budgets in some states according to the Advisory Commission. Although the model law in its definition of state agencies to which it should apply suggests that application to colleges and universities is optional, it does not appear that any state which has considered the law has exempted higher education from its provisions (McNamara, 1977, p. 46).

Institutional opponents to the proposal cite endless delays and red tape, subversion of the rights of Congress, likelihood of reduction of state funding, possible discrimination against minorities or others not finding favor with state legislators, and state legislative meddling with research funding (Mallan, 1976). Additional difficulties are foreseen in the meshing of state and federal deadlines for student financial aid and research grant proposals.

The issues are complex, and Pennsylvania litigation of legislation similar to the model bill may go to the United States Supreme Court. We suggest that in this area as in so many others where state intervention

is possible, the issue is not the legal right of the state to act, but the extent to which it exercises the right. Diversity of support is of value to the institutions as it "militates against concentrations of assumed power" (Carnegie Commission, 1971, p. 108). This is the most valid argument against extensive state interference with the flow of federal funds to the institutions, but it is not an argument that many state legislators would particularly like to hear.

Educational Policy Matters. We noted earlier the action of the New York state legislature in taking the distribution of graduate fellowships out of the hand of the State University. At least, the fellowships were a budgetary issue even though the distribution of them was not intended to be. In other states, the budget process is also used as a forum for the expression of legislative intent or opinion on matters of educational policy. In California, language in the report of the Joint Legislative Conference Committee which accompanies the budget bill does not have the force of law, but is very rarely ignored. In the 1974-75 report, the legislative committee mandated all but the minor administrative details of affirmative action programs at the four-year colleges and universities in California. Not only did the language specify job qualifications and responsibilities, but directed the establishment of advisory committees and performance of specific studies (Lee & Bowen, 1975, p. 75). The number of such recommendations appears to have increased substantially over the past ten years.

The detail of the California example is at one extreme. The generality of legislative budgetary language in Florida is at another

(Florida Legislature, 1975):

It is the intent of the legislature that the order of priority for providing resources for programs of the State University System shall be as follows:

1. Upper level undergraduate
2. Lower level graduate
3. Masters level graduate
4. Doctoral level graduate
5. All remaining programs

It is further the intent of the legislature that adequate resources shall be provided to insure high quality in each program beginning with the first priority program and proceeding through each next highest priority program to the extent that resources are available.

In additional language, the State University System of Florida was directed to allocate resources in accordance with the priorities.

State legislatures have the right and probably the obligation to take an interest in the details of affirmative action programs, as in California, and in the broad priorities of public colleges, as in Florida. Institutions object less to the interest that is expressed than the manner and form. Neither budget bills nor supplemental conference committee reports lend themselves to the subtle discriminations that are required in higher education governance. Do all campuses require the same affirmative action advisory committees in California? Is doctoral level graduate education

really intended to be the fourth priority at the major public research university in Florida? These are the kind of questions which should be answered in procedures for planning and policy analysis. They are not questions that are answered once and for all during an annual or biennial budget cycle. Each state must determine for itself precisely what forum would be most appropriate, but whatever it might be, it should be one which allows and encourages the full participation of the institutions, the executive office, and the general public.

Accountability

A variety of meanings can be attached to the term, "accountability", and these have been explored at length by Mortimer (1972). Institutions and faculty members are legally and professionally responsible to a wide variety of internal and external constituencies -- so many, in fact, that the enterprise might easily be frozen in place by divergent demands and expectations. That it is not so frozen is attributable to the continuing good sense and goodwill of the state and institutional officers and administrators charged with meeting the "real issue" as Mortimer defines it (p. 23):

The real issue with respect to institutional autonomy and accountability is not whether there will be intervention by the state but whether the inevitable demands for increased accountability will be confined to the proper topic and expressed through a mechanism sensitive to both public and institutional interests. A proper balance is difficult to define and it will change over time.

In effect, Mortimer treats the topic of "accountability" as one embracing almost all the types of intervention discussed in this present paper, and for his expository purposes, the broad, shotgun approach was appropriate. In practice, however, a more restricted frame of reference for discussing and enforcing accountability is required. In the absence of agreement specifying a limited frame of reference for discussing and enforcing accountability is required. In the absence of agreement specifying a limited frame of reference, institutions can, as Donald Smith has suggested to us, become pawns in the inevitable competition among state executive and legislative officers and agencies. Because there are many interested state agencies and because their personnel and priorities change rapidly, obtaining and maintaining such agreements can be extremely difficult. But if the task does not receive constant attention, institutional administrators will be unable to perform necessary governing tasks simply because their time is fully occupied with responding to external demands for information and analyses.

Our discussion of accountability here is limited to the bundle of "nonacademic", "business", or "procedural" problems that tend to be distinguished from substantive academic program matters. Information and information systems are also discussed to the extent that they are relevant to procedural controls.

In his study of coordination, Berdahl suggested that most state procedural controls "are more a hindrance to good management and good higher education than a necessary safeguard of the public interest,"

that such controls did not threaten the essential ingredients of institutional autonomy, and he concluded that these could be eliminated from his categorization of the "various types of state interventions in higher education" (1971, p. 10). Citing the many other studies in which procedural controls had been a major theme, Berdahl concluded that his own study might be more profitably concentrated on matters of import to substantive autonomy -- i.e., planning, program review, and budgeting. His reasons were excellent, and his conclusion sound. But we believe that the inclusion of procedural controls in a study of state intervention poses a question which should be addressed anew each time a proposal for such a study is made.

The major argument against addressing procedural controls is less that they have been studied before, but rather that there has been so little impact resulting from the earlier studies. Berdahl notes and approves the arguments for giving managerial freedom to institutions, and then comments on what he seems to suggest is the wrongheadedness of state officials who continue to impose procedural controls (1971, p. 11):

Yet our research team found many legislators and some governors who were very reluctant to exempt higher education from the state procedural controls which normally accompany the expenditure of public funds; e.g., line-item budgets with tight control over transfers from one item to another; pre-audits of authorized expenditures, sometimes for propriety as well as for legality; central controls over all academic personnel; central controls over capital outlay programs, sometimes including design; central purchasing of

supplies and equipment; and central controls over various administrative routines such as approval of out-of-state travel.

Whether wrongheaded or not, these state officials are going to continue to pursue obvious and time-proven avenues of assuring themselves that public funds are spent for authorized purposes. From the point of view of sound business practice or organizational theory, the slight possibility of mismanagement probably should give way to the greater effectiveness of a relatively autonomous campus. Rarely, however, do state executives and legislative agencies perceive the balance in this fashion.

At the present time, there are at least two reasons why state procedural controls which are imposed to achieve accountability might well be examined, even though the controls might appear to be beyond the reach of external recommendations. The first is one which Berdahl mentions almost in jest -- that is, the possibility that the "full panoply of controls" might be "applied with incredible heavy handedness" (1971, pp. 11-12). We do not apprehend that any one state agency will apply such controls in such a fashion, but we are concerned about the aggregated impact of controls imposed by numerous federal and state agencies. As yet, there does not seem to be an accumulation of procedural straws that would break the back of the camel of substantive autonomy, but the possibility of an additional straw seems greater in 1977 than it did when Berdahl wrote only six years ago.

The second reason why state controls in the business or procedural areas might be considered for inclusion in a new study is the heavy reliance of most such controls on quantitative data and statewide information systems. Problems of accountability have multiplied as reliance on the mindless exactitude of the computer has increased. Different definitions for different purposes or different agencies are often the result of thoughtlessness and inadvertance, but they can be expensive to institutions. They can be embarrassing also, as in Minnesota, for example, where misinterpretation of data resulted in accusations of dishonesty.

Exploration of the incidents of state intervention related to procedural or business controls will not, in all probability, result in the total elimination of such controls. But a valuable purpose might nevertheless be served by such exploration if it called attention to the aggregation or accumulation of state -- and federal -- requirements and the impact which these have on institutional and state information systems.

CONCLUSION

It is our conclusion that a study of the changing relationships between government and higher education should, to the extent feasible, encompass attention to both federal and state governmental agencies. In some instances, it would seem to be virtually impossible to understand fully the impact of federal programs without consideration of related state programs. The area of student financial aid is clearly one such area as Richard Millard has indicated (Smith & Kent, eds., 1977, p. 3):

An evolutionary process has been going on, and our major concern should be to keep it moving, with the end product being an effective delivery system which uses (federal) HEOG as the basis, with the state programs building on it to meet various kinds of student need, and with institutional programs filling in the gaps.

In this regard, one notes that the College Entrance Examination Board is currently undertaking a study entitled, "Student Assistance: Federal/State Interaction."

Although important, the interaction of state and federal regulation is less critical to higher education than is the pervasive continuous control exercised by the states as part of their responsibility for higher education. In this paper, we have listed the major types of control exercised by the states. No one state, so far as we know, exercises all such controls, but each control is exercised by at least one state. The occurrence of an apparently unique form of intervention by a single state should be assessed as an indication that other states may follow

suit. The states are highly diverse in their executive and legislative governing structures and in the governance and coordination of higher education, nevertheless, the colleges and universities themselves are similar across states and procedures for regulating them can generally be transferred quickly from one state to another. Regional and national meetings of state chief executives, of legislators, state budget officers, legislative analysts and state higher education coordinators are increasingly active places for presentation of papers and the exchange of information on means for making higher education more accountable.

Although state controls and regulation of higher education institutions is a growing problem, the diversity of the states makes it extremely difficult to discern the directions of such growth. We know that legislative staffs are increasing in size and numbers as are the subjects of their concern. Legislative auditing of programs, which is a relatively new phenomenon, already exists in many states. State legislators also seek control over federal funds by reappropriating them, but there is little indication of what changes such control, if achieved, might bring to college and university activity.

We believe it feasible and desirable to attempt a survey of current state controls over institutions of higher education. The survey could cover only a few states because extensive personal interviews and an elaborate review of documents would be required. Questionnaire data would be difficult to obtain and even more difficult to interpret because of the diversity of the states. It would probably not be feasible to

survey more than four or five states in depth for the survey should be, we believe, an open-ended probe of the impacts of state intervention. Administrators, faculty, and even students in several representative institutions should be asked about the extent to which their particular activities are influenced by state laws, regulations, or funding guidelines. As distinct from an investigation of the impact of federal regulations the beginning point of a study of state intervention is not with the regulation, but rather with the perceived impact. The number of rules and regulations which might result in intervention are far too numerous for an exhaustive review and analysis. Intervention does not take place because of the existence of a rule, but because of its interpretation and enforcement. For many years, a New York state guideline required that no more than 60 percent of the faculty at a State University of New York campus should be in the upper two ranks. Few faculty members knew the guideline existed. The establishment of a limit of 66 percent in 1977 appeared more liberal, but a storm of opposition arose, for the new rule was to be enforced. It was clearly seen by the faculty to be a new unwanted intervention. (SUNY Buffalo Reporter, 1977).

It is not within our charge to develop a research design, and we suggest that doing so will be a formidable task. At minimum, however, such a survey should attempt to answer five critical questions:

- ° What are the specific impacts of state laws, regulations, and funding guidelines on instruction and research activities and content?

- ° What are the reinforcing and conflicting relationships between state controls and federal controls?
- ° To what extent are colleges and universities subject to duplicative, overlapping, or conflicting regulations imposed by different state agencies? by state and federal agencies?
- ° To what extent are the impacts of state regulation perceived to be similar across the states in the survey?
- ° What inferences can be drawn from the nature and extent of the impact of state regulations about the objectives of state intervention? the probable directions and limits of intervention?

The final selection of states in which colleges and universities should be surveyed would be made after completion of a detailed research design. Depending on specific research questions for example, the states selected might have similar mechanisms for statewide coordination of higher education or quite different ones. Assuming, however, that the research questions did not dictate otherwise, the states to be surveyed should probably include California, Colorado, New York, Illinois, Wisconsin or North Carolina, Michigan, and Florida, for:

- ° New York and Illinois have substantial programs of direct aid to independent institutions.

- ° Michigan is a state in which the constitutional autonomy of the colleges and universities has been zealously guarded by litigation.
- ° California, New York and Illinois tend to be bellweather states because of their size.
- ° Wisconsin and North Carolina, in the early 1970's, established single statewide governing boards which differ from other such boards in having a continuing, substantive interest in academic matters derived from origins of central staff in the administration of the major state university.
- ° Florida has a highly centralized system in which direct political interventions occur.

Ultimately, we return to a question raised earlier: Is it possible to study state intervention in the absence of criteria that distinguish legitimate state interests from improper "intervention" into institutional prerogatives? We believe that it is possible, for the suggested examination of the impact of state rules and regulations is essentially objective and neutral. The subsequent aggregation, categorization, and analysis of the survey data will necessarily be normative and subjective. The values and assumptions behind definitions separate "good" state interest from "bad" state intervention must be explicitly stated. Framing these definitions may well be more difficult than collecting and analyzing the data. Indeed, the question may be worthy of separate and undivided attention

that it might not have were it simply the first phase of a larger field investigation.

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E

Proposals to Define Areas of Institutional Independence and State Control

Figure E-1. American Association of State Colleges and Universities: Levels of Decision for Higher Education Functions

Function	Elements in the system			
	State government	Coordination element	Governance element	Institution
System organizational structure	Establishes broad structural arrangements; defines role of elements	Develops detailed coordinating policies and procedures	Develops detailed governing	Participates in development of coordinating and governance
Program allocation	Adopts broad general guidelines	Assumes major recommending and decision-making responsibility recognizing interests of governing element and institutions	Approves on basis of coordinating element recommendations and institutional capabilities and interests	Develops and executes programs
Budget development	Very broad policy; appropriates funds	Reviews and relates budget to entire state's needs and recommends in terms of priorities	Approves budget request with respect to justifiable needs (for own institution)	Prepares budget request
Fiscal policies	Broad regulations, relations with other state agencies	Organizes broad policy guidelines	Approves institutional recommendations which conform to state and coordinating element broad regulations and guidelines	Executes broad policies and develops internal policies

Note: Although original sources are cited in each case, the first three of the four sets of proposals in this section were first published together in Education Commission of the States, *Coordination or Chaos, Report of the Task Force on Coordination, Governance and Structure of Postsecondary Education*, report no. 43 (Denver, Colo., October 1973).

Figure E-1. American Association of State Colleges and Universities: Levels of Decision for Higher Education Functions (Continued)

Function	Elements in the system			
	State government	Coordination element	Governance element	Institution
Program content		Approves in terms of needs of state	Approves mainly in terms of institutional capability	Proposes, develops and operates
Personnel selection	Establishes broad policy	Coordinates among elements within state policy	Approves institutional policies and considers institutional recommendations within policies	Participates in development of policy and executes selection
Planning	Expresses state interests and needs	Articulates plans of institutions and government elements; executes necessary statewide plans	Expresses governing element interests and concerns; coordinates with other elements	Maintains continuous planning program; initiates planning of institutional program
Evaluation accountability	Establishes basic requirements	Coordinates among elements	Establishes basic policy	Executes policy, accepts responsibility for effective performance
Capital programs	Very broad policy; appropriates funds	Approves in terms of state priorities and needs	Approves in terms of institutional goals and needs	Prepares and proposes capital program and recommends priorities

Source: American Association of State Colleges and Universities, *Institutional Rights and Responsibilities* (Washington, D.C., November 19, 1971).

Figure F-2. Carnegie Commission: Distribution of Authority

To achieve balance between public control and influence versus institutional independence, the Commission favors the following patterns for the distribution of authority between public agencies (including coordinating councils) and academic institutions (including multicampus systems):

PUBLIC CONTROL

Basic responsibility for law enforcement

Right to insist on political neutrality of institutions of higher education

Duty to appoint trustees of public institutions of higher education (or to select them through popular election)

Right to reports and accountability on matters of public interest

Duty of courts to hear cases alleging denial of general rights of a citizen and of unfair procedures

INSTITUTIONAL INDEPENDENCE

Governance

Right to refuse oaths not required of all citizens in similar circumstances

Right to independent trustees: No ex officio reports with subsequent budgetary authority

Right to nonpartisan trustees as recommended by some impartial screening agency, or as confirmed by some branch of the state legislature, or both; or as elected by the public

Figure E-2. Carnegie Commission: Distribution of Authority (Continued)

PUBLIC CONTROL	INSTITUTIONAL INDEPENDENCE
Financial and Business Affairs	
Appropriation of public funds on basis of general formulas that reflect quantity and quality of output	Assignment of all funds to specific purposes
Postaudit, rather than preaudit, of expenditures, of purchases, of personnel actions	Freedom to make expenditures within budget, to make purchases, and to take personnel actions subject only to postaudit
Examination of effective use of resources on postaudit basis	Determination of individual work loads and of specific assignments to faculty and staff members
Standards for accounting practices and postaudit of them	
General level of salaries	Determination of specific salaries
Appropriation of public funds for buildings on basis of general formulas for building requirements	Design of buildings and assignment of space
Academic and Intellectual Affairs	
General policies on student admissions:	Selection of individual students
Number of places	
Equality of access	
Academic level of general eligibility among types of institutions	
General distribution of students by level of division	
Policies for equal access to employment for women and for members of minority groups	Academic policies for, and actual selection and promotion of, faculty members
Policies on differentiation of functions among systems of higher education and on specialization by major fields of endeavor among institutions	Approval of individual courses and course content
No right to expect secret research or service from members of institutions of higher education; and no right to prior review before publication of research results; but right to patents where appropriate	Policies on and administration of research and service activities
	Determination of grades and issuance of individual degrees
	Selection of academic and administrative leadership
Enforcement of the national Bill of Rights	Policies on academic freedom
Policies on size and rate of growth on campuses	Policies on size and rate of growth of departments and schools and colleges within budgetary limitations
Establishment of new campuses and other major new endeavors, such as a medical school, and definition of scope	Academic programs for new campuses and other major new endeavors within general authorization

Figure E-2. Carnegie Commission: Distribution of Authority (Continued)

INFLUENCE BUT NOT PUBLIC CONTROL	INSTITUTIONAL INDEPENDENCE
Academic Affairs – Innovation	
Encouragement of innovation through inquiry, recommendation, allocation of special funds, application of general budgetary formulas, starting new institutions	Development of and detailed planning for innovation

Source: Carnegie Commission on Higher Education, *Governance of Higher Education: Six Priority Problems* (New York: McGraw-Hill, 1973), pp. 25-27.

Figure E-3. Glenn, Berdahl, Palola, and Paltridge: Powers Necessary for Coordination

As a participatory agency, the coordinating board must rely on widespread consensus for its decisions and on persuasion and cooperation rather than fiat and pure power for policy and implementation. Nevertheless, certain legal powers are necessary to the board to underpin and reinforce the intent of the state to plan and create a comprehensive system. We recommend that the board have the following minimum powers:

1. To engage in continuous planning, both long-range and short range
2. To acquire information from all post-secondary institutions and agencies through the establishment of statewide management and data systems
3. To review and approve new and existing degree programs, new campuses, extension centers, departments and centers of all public institutions, and, where substantial state aid is given, of all private institutions
4. To review and make recommendations on any and all facets of both operating and capital budgets and, when requested by state authorities, present a consolidated budget for the whole system and
5. To administer directly or have under its coordinative powers all state scholarship and grant programs to students, grant programs to nonpublic institutions, and all state-administered federal grant and aid programs

Perhaps the key jurisdictional issue between the coordinating board and the institutional boards is where to draw the dividing line between their respective powers and responsibilities. Some coordinating staff members, impatient with group processes and widespread participation by interested parties and often lacking skill in leadership and persuasion, seek increased power to intervene directly into the legitimate provinces of institutional governing boards and their staffs. The exercise of such power finally

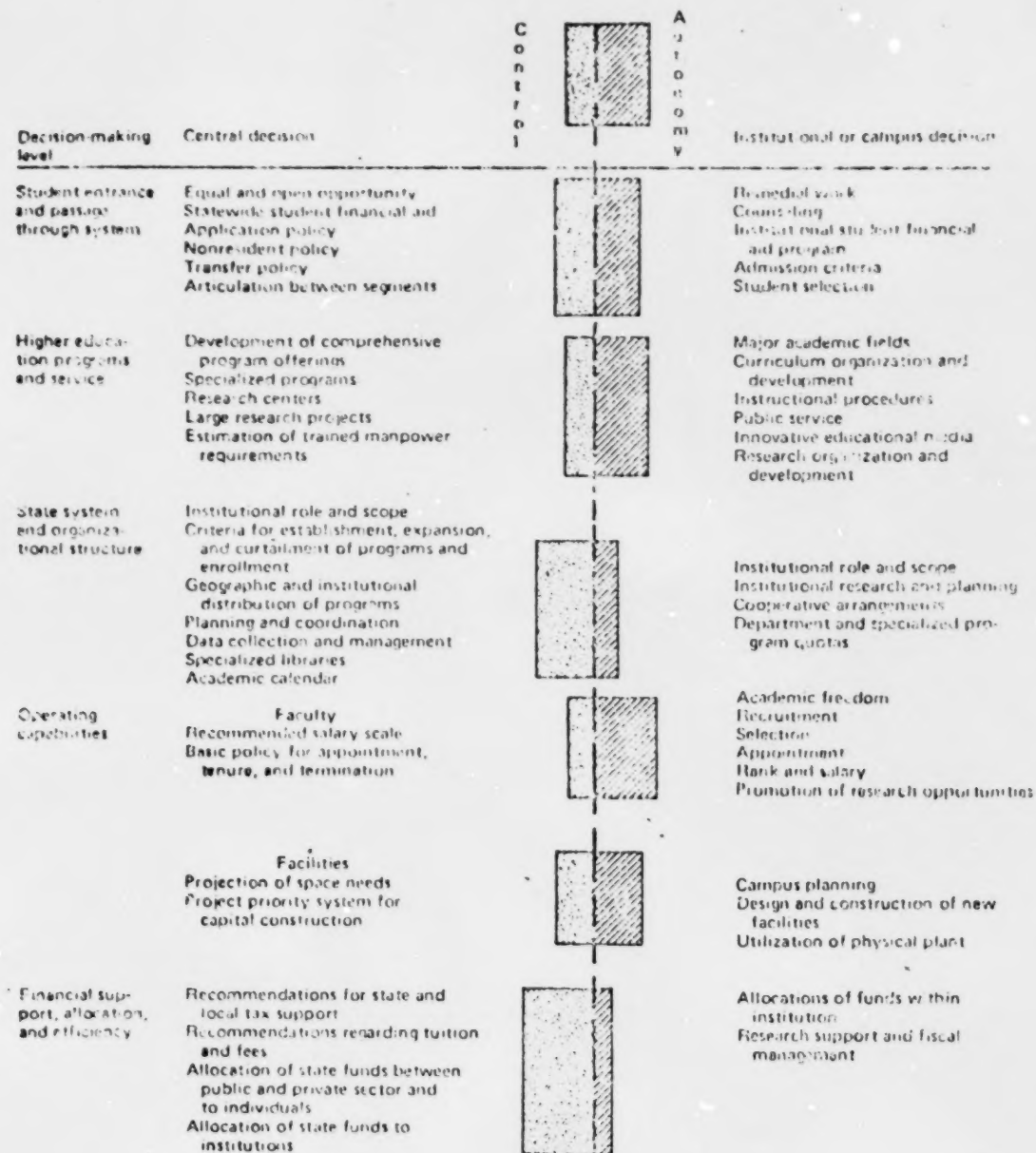
leads both legislators and institutional leaders to the conclusion that institutional governing boards are superfluous. Thus, the chief advantages of coordination have been lost to the state and to the institutions.

If the coordinating board is not to preempt the *raison d'être* of the institutional governing boards, it should stay out of the following matters (and if the law now allows these interventions, the board should use great restraint in exercising the powers):

1. Student affairs *except* general admissions standards, enrollment ceilings, and enrollment mixes applicable to the various systems and subsystems of institutions
2. Faculty affairs (hiring, promotion, tenure, dismissal, salaries), *except* general guidelines applicable to salaries
3. Selection and appointment of any person at the institutional or agency level, including the president or chief executive and board members
4. Approval of travel, in-state or out-of-state, for staff of any institution
5. Planning of courses or programs, including their content, and selecting subjects of research
6. Presenting of arguments and supporting materials for institutional operating or capital budgets, *except* that the board should present and support its own recommendations on budgets
7. Contractual relationships for construction, land acquisition, equipment, and services
8. General policing or maintenance of civil order on campus and
9. Negotiations and contractual relationships with unions representing institutional personnel, *except* that such negotiations may be conducted within guidelines and/or budgetary parameters set by the state or board.

Source: L. Glenn, R. Berdahl, E. Palola, and J. Paltridge, *Coordinating Higher Education for the '70s* (Berkeley, Calif.: Center for Research and Development in Higher Education, University of California, 1971), pp. 7, 12.

Figure E-4. Halstead: Illustrative Worksheet for Outlining the Principal Level of Decision-Making for Selected Component Operations Within a State System of Higher Education



Note: The concept for this type of chart was originally introduced by Provost Harry Porter, State University of New York Systems Office, Albany.

Source: K. Halstead, *Statewide Planning in Higher Education* (Washington, D.C., U.S. Government Printing Office, 1974), p. 24.